

MMS Alaska OCS Region

News Release

For Immediate Release

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MMS Approves Unit Agreement for Phillips Alaska Inc.'s McCovey Prospect

The Minerals Management Service approved a joint Federal/State unit agreement submitted by Phillips Alaska, Inc for the McCovey Prospect. The Unit includes three Federal and four State of Alaska leases located in the central Beaufort Sea about five miles northeast of Reindeer Island and 12 miles east of the Northstar Field. The unit agreement became effective on September 1, 2000.

The unit agreement states that all work commitments must be completed by April 30, 2002 including drilling an exploratory well. Phillips plans to construct an ice island this winter to drill the exploratory well McCovey #1. An Exploration ration Plan and Application for Permit to drill the McCovey #1 well will be submitted to the MMS this fall.

Unitization ensures the efficient exploration and development of the reservoir while drilling fewer wells and using fewer production platforms. Unitization also allows more oil to be recovered and ensures that the federal and state governments receive more royalties from future production.

A copy of the unit agreement, including the initial unit plan and unit operating agreement are available for review at the MMS Alaska OCS Region Office, 949 East 36th Avenue in Anchorage or on our web page at www.mms.gov/alaska.

The MMS is the federal agency that manages and regulates the nation's natural gas, oil and other mineral resources on the Outer Continental Shelf, and collects, and last year disbursed about \$4 billion in revenues from offshore federal mineral leases and from onshore mineral leases on federal and Indian lands.

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